

## Message Text

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C O N F I D E N T I A L CARACAS 5603

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TAGS: PFOR ENRG VE

SUBJ: VIEWS OF PEREZ GUERRERO ON THE PREPCON AND

ENERGY CONFERENCE

1. SUMMARY: PEREZ GUERRERO ENVISAGES AN EARLY RECONVENING OF THE PREPCON, FOLLOWED CLOSELY BY A MEETING OF THE FULL CONFERENCE TO ESTABLISH THE COMMISSIONS. THESE WOULD THEN PROCEED CONCURRENTLY, REPORTING TOGETHER TO THE FULL CONFERENCE AT THE END OF THE YEAR. PEREZ GUERRERO ADVOCATES BROAD "UNDERSTANDINGS" ON THE OVERALL RAW MATERIALS QUESTION. HIS POSITION APPEARS TO BE HARDER THAN THAT SOME OF HIS COLLEAGUES HAVE ATTEMPTED TO CONVEY. HE WILL PROBABLY HAVE THE FINAL WORD IN THE GOV. END SUMMARY.

2. DURING A CONVERSATION IN HIS OFFICE MAY 30, PEREZ GUERRERO LAID OUT FOR ME HIS PARTICULAR SCENARIO AS FOLLOWS.

3. THE PREPARATORY CONFERENCE WOULD RECONVENE AT AN EARLY DATE, BUT ONLY TO FORMALIZE PROCEDURES ALREADY AGREED UPON THROUGH ADVANCE CONSULTATIONS. THE VENUE AND PARTICIPANTS WOULD BE THE SAME. THE PREPCON WOULD FIX THE AGENDA AND CONVOKE A FULL CONFERENCE FOR A DATE PRIOR TO THE 7TH SPECIAL SESSION OF THE UNGA.

4. TWENTY SEVEN COUNTRIES WOULD PARTICIPATE IN THE CONFERENCE, EIGHT ON THE INDUSTRIALIZED SIDE AND SEVEN PLUS ANOTHER TWELVE TO BE SELECTED BY THE GROUP OF 77 ON THE OTHER. (WHO MAKES UP THE EIGHT AND WHETHER THE "SEVEN" MEANS AN EXPANDED OPEC REPRESENTATION OR THE GROUP ALREADY PARTICIPATING ARE POINTS NOT  
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CLEAR TO ME.) THE CONFERENCE WOULD APPOINT "THREE OR FOUR" COMMISSIONS (OR SUBCOMMITTEES AS PEREZ GUERRERO PERSISTED IN

CALLING THEM). ONLY THE 29 WOULD BE ELIGIBLE FOR PARTICIPATION IN THE COMMISSIONS -- NO OUTSIDERS -- AND MEMBERSHIP WOULD BE PARCELED OUT ON THE BASIS OF INTEREST AND A REASONABLE DIVISION OF LABOR. (PEREZ GUERRERO DID NOT FAVOR OUR PROPOSAL TO APPLY OBJECTIVE CRITERIA IN DETERMINING MEMBERSHIP, APPARENTLY BECAUSE HE THINKS THE GROUP OF 77 WOULD RESIST THAT APPROACH.)

5. AFTER CREATING SUITABLE FRAME WORK FOR THE WORK OF THE COMMISSIONS, THE CONFERENCE WOULD ADJOURN. THE COMMISSIONS WOULD THEN PROCEED, CONSIDERING ALL ASPECTS OF EACH GENERAL PROBLEM AREA. IN PARTICULAR, THE ENERGY COMMISSION WOULD LOOK AT RELATED FINANCIAL AND MONETARY QUESTIONS, PRESUMABLY INCLUDING MAINTENANCE OF VALUE. ON RAW MATERIALS, THAT COMMISSION WOULD LEAVE WORK ON SPECIFIC AGREEMENTS TO THE APPROPRIATE EXISING FORA BUT WOULD ESTABLISH BROAD "UNDERSTANDINGS" WHICH WOULD SHAPE SUCH AGREEMENTS. (PEREZ GUERRERO EMPHASIZED HIS VIEW THAT THE DELIBERATIONS IN THIS AREA SHOULD GO BEYOND MONITORING OR SETTING GUIDELINES.)

6. THE COMMISSIONS WOULD COMPLETE THEIR WORK DURING THE FALL AND THE FULL CONFERENCE WOULD RECONVENE JUST BEFORE THE CHRISTMAS HOLIDAYS TO RATIFY THE RESULTS. THESE WOULD INCLUDE A COMPREHENSIVE ENERGY AGREEMENT AS WELL AS THE AFOREMENTIONED "UNDERSTANDINGS." AS A FINAL STEP, A NEW SPECIAL SESSION OF THE UNGA COULD BE CONVOKED AT SOME POINT EARLY ON IN 1976 TO BLESS THE UNDERTAKINGS. (PEREZ GUERRERO MADE IT CLEAR THAT THE ENTIRE TIMETABLE IN HIS SCENARIO WAS CONSTRUCTED WITH AN EYE ON THE UN.)

7. SEVERAL TIMES DURING THE COURSE OF THIS PRESENTATION PEREZ GUERRERO EXPRESSED HIS PLEASURE AT THE EVOLUTION IN OUR THINKING AS REFLECTED IN SEVERAL "VERY POSITIVE" ASPECTS IN THE SECRETARY'S RECENT SPEECHES. (HE HAD OBVIOUSLY EXAMINED THESE SPEECHES CLOSELY.) HE SAID THE GOV WANTS ACCOMMODATION AND INTENDS TO PURSUE THIS DIALOGUE SERIOUSLY AND WITHOUT PUBLIC POLEMICS. HE WOULD PARTICULARLY WELCOME THE OPPORTUNITY TCO CONSULT PERSONALLY WITH UNDER SECRETARY ROBINSON AND IS PREPARED TO ADJUST HIS SCHEDULE TO THAT PURPOSE.

8. COMMENT: THE IDEA THAT THE COMMISSIONS ARE TO MEET A  
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JOINT DEADLINE IS OBVIOUSLY A CONSIDERABLE SHIFT FROM FINANCE MINISTER HURTADO'S DESCRIPTION OF THE SHAH'S PROPOSAL (CARACAS 5107). THE TIGHT TIMETABLE AND THE EMPHASIS ON BROAD "UNDERSTANDINGS" ALSO INDICATE A LESS FORTHCOMING VENEZUELAN POSITION THAN HURTADO AND ESCOVAR SALOM HAVE SOUGHT TO CONVEY.

9. MY IMPRESSION IS THAT PEREZ GUERRERO HAS HIS PRESIDENT'S CONFIDENCE AND WILL HAVE CLOSE TO THE FINAL WORD ON THESE MATTERS. I TOLD HIM I HOPED FOR AN EARLY OPPORTUNITY TO CONTINUE OUR TALK AND WOULD APPRECIATE THE DEPARTMENT'S REACTIONS TO

HIS SCENARIO AS SOON AS POSSIBLE SINCE THE EMBASSY WILL BE CONSULTING  
SHORTLY WITH HIS STAFF IN ACCORDANCE WITH STATE 126216.

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